

May 31, 2007

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street SW
Washington, D.C. 20554

Re: *Iowa Telecom Petition for Forbearance under 47 USC 160(c) from the Universal Service High Cost Loop Support Mechanisms; Iowa Telecom Petition for Interim Waiver of the Commission's Universal Service High Cost Loop Support Mechanisms; WC Docket No. 05-337*

Dear Secretary Dortch:

The Alabama Public Service Commission (the "APSC") herein expresses its opposition to the above-styled petitions of Iowa Telecommunications, Inc. ("Iowa Telecom") currently under consideration by the Federal Communications Commission (the "FCC"). As discussed in further detail below, the APSC does not believe that a grant of the pending petitions of Iowa Telecom will advance the stated objectives of the existing non-rural high cost Universal Service support mechanism. To the contrary, the APSC asserts that a grant of the Iowa Telecom petitions will create results that are counter to said objectives.

The APSC notes with particularity that a grant of the Iowa Telecom petitions will result in a diversion of significant high cost universal service funding for every non-rural ILEC ETC in the 10 states that currently receive such funding. It thus follows that funds will also be diverted from every competitive carrier ETC serving in the affected non-rural ILEC territories. Based on estimates derived from the fund impact projected by Iowa Telecom in its petitions, the APSC anticipates that the current recipients of non-rural high cost support will experience a net decrease of \$20.8 million in funding if Iowa Telecom is granted the relief it requests. The APSC estimates that non-rural ETCs in Alabama will experience reduced funding in the range of \$4.4 million, a decrease in support of approximately 10 percent.

The APSC asserts that the anticipated funding losses that will result from a grant of Iowa Telecom's petitions will unjustly harm the non-rural ILECs in Alabama and other impacted jurisdictions who actually meet the existing criteria for the receipt of high cost funding. The ongoing efforts of the affected carriers to make their rates reasonably comparable and affordable for rural subscribers will certainly be impeded. The concerns regarding the funding received by existing non-rural carriers is compounded by the fact that Iowa Telecom has not satisfactorily demonstrated in its petitions that the funding it will receive if its petitions are granted will further any universal service objectives including the goal of making Iowa Telecom's rates reasonably comparable or affordable for rural subscribers.

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The APSC further asserts that a grant of the petitions of Iowa Telecom will create a dangerous precedent that could result in the pursuit of non-rural high cost funding by numerous other rural carriers who do not qualify, like Iowa Telecom, for high cost loop support but have forward-looking costs that are higher than their embedded costs. Such efforts by other rural carriers similarly situated to Iowa Telecom will further dilute the high cost funding currently received by existing non-rural carriers who are actually eligible for those funds pursuant to the existing guidelines. Such a result does not appear appropriate in light of the questions raised by the Tenth Circuit Court of Appeals in *Qwest Communications v. FCC*¹ regarding the sufficiency of the FCC's funding for carriers who are appropriately classified as non-rural.

For the reasons stated above, the APSC respectfully requests that the FCC deny the pending petitions of Iowa Telecom. The inappropriate diversion of high cost funds for existing non-rural carriers that would result from a grant of Iowa Telecom's petitions has not been justified in the pleadings of Iowa Telecom. Further, favorable disposition of Iowa Telecom's requests would create a dangerous precedent that could compound the questions raised regarding the sufficiency of high cost funding for currently eligible non-rural ILECs.

Sincerely,

John A. Garner
Chief Administrative Law Judge

JAG:eml
By FedEx

¹ 398 F.3d 1222 (Tenth Cir. 2005)